B8 Cont'd

47. (Once Amended) The method according to claim 44 further comprising the step of returning said voice bidder message to an originating bidder voice terminal if said voice bidder message was inactive.

Remarks

Reconsideration and allowance of the subject application is respectfully requested.

Claims 24-38, 40, 41, 44 and 46-49 are pending in the application. Claims 24, 34, 41 and 44 are independent.

All claim amendments made herein were made for clarity with respect to the Specification and Drawings, and not for any purpose related to a statutory requirement. Applicants have amended the Specification to correct transcription errors. No new matter has been added.

Applicants respond as follows to the numbered paragraphs of the Office Action:

1. The Examiner has kindly acknowledged receipt of the preliminary amendment and Information Disclosure Statement filed April 19, 2001.

2-4. Applicants have amended the Abstract, as requested.

5. Applicants have amended Claim 47 to depend from Claim 44.

6-11. Claims 24, 29, 34, and 44 were rejected as being unpatentable over U.S. Patent 5,329,589 (Fraser), for the reasons detailed at pages 4-6 of the Office Action. Applicants respectfully traverse all prior art rejections of these claims. Claims 25-28 and 35, 41 and 42 were rejected as being unpatentable over Fraser in view of Hirose for the reasons detailed at pages 7-8 of the Office Action. Applicants respectfully traverse all prior art rejections of these claims. The Examiner has kindly indicated that Claims 30-33, 36-40, 43, 45, 46, 48 and 49 would be allowable if rewritten in independent form including all of the limitations of the base claims and any intervening claims.

Fraser discloses a mediation system for use over a communications network such as the PSTN. The Fraser system is used to hide information sent between entities in a communication from other entities in the communication (column 6, lines 23 - 25). For example, a first entity

(such as a purchaser) can send information (such as credit card numbers) to a second entity (such as a credit card issuer) and the system will prevent a third entity (such as a vendor) from seeing that information but will permit an approval to be sent from the second entity to the third (column 8, line 33 to column 9 line 2). As noted by the Examiner, Fraser discloses (at column 14, lines 14-29) the possible use of the mediation system in an auction system where the identities of the bidder entities are concealed from the auctioneer entity and the bids of the bidder entities are hidden from the other bidder entities, except for the present highest bid. The mediation system reports the highest present bid, as identified by the auctioneer entity, to the other bidder entities and will exchange the information between the auctioneer entity and the successful bidder entity to complete the sale when the auction completes.

In contrast, the disclosed embodiments according to the present invention provide an auction system and method which creates, for an auction wherein the bidders can be located remotely, the excitement which would be experienced by bidders present at a conventional auction. The disclosed system and method receives voice bidder

signals from bidders and converts them to bidder data signals. The bidder data signals, which include an identifier of the bidder and the bid amount, are provided to the auctioneer and to all other bidders so that the bidders are aware of all of the bidding activity. No steps are taken to conceal the identities of the bidders from the other bidders, or the auctioneer, as this is information which would be available in a conventional auction. As bids from other bidders and the auction status, from the auctioneer, are sent to each bidder, the excitement and pace of a conventional auction is recreated.

As will now be apparent, Fraser teaches away from the present invention. In particular, Fraser's auction embodiment specifically hides the bidders' identities from both the Auctioneer and the other bidders. Also, in Fraser bidders do not hear or otherwise have access to bids from other bidders, Fraser teaches that only the present highest bid amount gets sent to other bidders. In Fraser, an active bidder will not be able to determine how many bidders are bidding, nor the rate at which the bids are being made or the dollar increment of bids. Thus, much of the information and/or excitement of a conventional auction is missing in Fraser.

Independent Claim 24 recites, "...a connecting means interconnecting said transmitter and said terminals *to provide voice bidder messages from other bidders to each of said plurality of bidder voice terminals;* ... an output means connected to said processing means for presenting said bidder data signals *containing said bidder identifier* and said bid information to said auctioneer." As Fraser does not disclose or suggest a system or method for providing voice bidder signals to other bidders, nor providing the bidder identity to the auctioneer, it is respectfully submitted that Claim 24 is allowable.

As Claims 25 and 26 and Claims 27-33 depend from Claim 24, they too are allowable.

Without conceding any art rejection, and solely to advance this case to issue, Applicants have amended Claim 34 to include allowable subject matter from Claim 39. Accordingly, Claims 34-38 and 40 are allowable.

Without conceding any art rejection, and solely to advance this case to issue, Applicants have amended Claim 41 to include allowable subject matter from Claim 43. Accordingly, Claim 41 is allowable.

Without conceding any art rejection, and solely to advance this case to issue, Applicants have amended Claim 44 to include allowable subject matter from Claim 45. Accordingly, Claims 44 and 46-49 are allowable.

The Applicants are filing herewith a certified copy of the foreign priority application.

The Applicants respectfully submit that the above amendments are fully supported by the application as originally filed.

In view of the above amendments and remarks, it is believed that the application is now in condition for allowance, and further action to that end is respectfully requested.

Applicants' undersigned attorney may be reached in our Washington, D.C. office by telephone at (202) 625-3500. All correspondence should continue to be directed to our address given below.

Respectfully submitted,

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Marked-up Claims

24. (Once Amended) An auction system for use over a communication network comprising:

an auctioneer voice transmitter for entering auctioneer voice messages from an auctioneer;

a plurality of bidder voice terminals each for entering voice bidder messages from a bidder respective thereto;

a connecting means interconnecting said transmitter and said terminals to provide voice bidder messages from other bidders to each of said plurality of bidder voice terminals;

a processing means attached to said connecting means, ~~attached to said connecting means, said processor means including a message selector for determining whether said voice bidder messages are active bidder messages or inactive bid messages, said processor means converting said auctioneer voice messages and said determined active voice bidder messages into bidder data signals including at least a bidder identifier and bid information; and~~ for converting said voice bidder messages into ~~a~~ bidder data

signals, each of said bidder data signals containing a bidder identifier and bid information; and,

an output means connected to said processing means for presenting said bidder data signals containing said bidder identifier and said bid information to said auctioneer.

25. (Once Amended) The auction system according to claim 24, wherein said processing means further comprises a message selector for determining whether said voice bidder messages are active bidder messages or inactive bid messages such that only said active bidder messages are converted into bidder data signals to be ~~are~~ presented at said output device.

26. (Once Amended) The auction system according to claim 24 wherein said bidder voice terminals are attached, via said connection means, to said message selector such that only said active bidder messages are converted into bidder data signals to be ~~are~~ presented at said bidder voice terminals.

34. (Once Amended) An auction system for use over a communication network comprising:

an auctioneer voice transmitter for entering auctioneer voice messages from an auctioneer;

a plurality of bidder voice terminals each for entering voice bidder messages from a bidder respective thereto, each of said bidder voice terminals also for presenting voice bidder messages from other bidders and said auctioneer voice messages;

a connecting means interconnecting said transmitter and said terminals;

a processing means attached to said connecting means for converting said voice bidder messages into a bidder data signal, said processing means including a message selector for determining whether said voice bidder messages are active bidder messages or inactive bidder messages;

a time compensation means attached to said connecting means for determining propagation delays of signals within said network and utilizing said propagation delays for ordering said active bidder messages according to a real-time order in which said bidder messages were entered;

background noise reducing means for reducing background noise originating at at least one of said auctioneer voice transmitter and said plurality of bidder voice terminals; and,

an output means connected to said processing means and said time compensation means for presenting, in order, said active bidder data signals to said auctioneer.

41. (Once Amended) A processing means for use in an auction system for use over a communication network, said auction system having an auctioneer voice transmitter for entering auctioneer voice messages from an auctioneer; a plurality of bidder voice terminals each for entering voice bidder messages from a bidder respective thereto, each of said bidder voice terminals also for presenting voice bidder messages from other bidders and said auctioneer voice messages; a connecting means interconnecting said transmitter and said terminals, said processing means comprising:

recognizing means for converting said and voice bidder messages into a bidder data signal; and,

a message selector for determining whether said voice bidder messages are active bidder messages or inactive bidder messages such that only said active bidder messages are presented at an output means and at said bidder voice terminals said inactive bidder messages are returned to an originating bidder voice terminal accompanied by a message that said bidder message was determined to be inactive.

44. (Once Amended) A method of conducting an auction over a network comprising the steps of:

receiving, from an auctioneer, an auctioneer voice message at an auctioneer voice terminal connected to said network;

presenting said auctioneer voice message at a plurality of bidder voice terminal connected to said network;

receiving a voice bidder message from a bidder, said bidder voice message being responsive to said auctioneer voice message, said voice bidder message received at one of said bidder voice terminals respective to said bidder;

presenting said received voice bidder message at a remainder of said bidder voice terminals;

converting said voice bidder message into a bidder data signal;

~~presenting said bidder data signal to said auctioneer at an output means;~~ determining whether said voice bidder message is active or inactive and presenting active bidder data signal to said auctioneer at an output means if said voice bidder message was active; and

repeating the foregoing steps until said auctioneer closes bidding

46. (Once Amended) The method according to claim ~~45~~ 44 further comprising the step of only presenting said voice bidder message at said remainder of said bidder voice terminals if said voice bidder message was active.

47. (Once Amended) The method according to claim ~~19~~ 44 further comprising the step of returning said voice bidder message to an originating bidder voice terminal if said voice bidder message was inactive.

Rewritten Abstract

A method and system for holding an auction over a communication system such as the PSTN or the Internet. An auction system is provided in which bidders are identified using authentication or similar techniques. Their bids are filtered to reduce noise and eliminate unwanted bids, bidders, or comments before being broadcast to the other bidders and provided to the auctioneer. Bids are recorded and time-stamped, so that the timing of bids may be corrected for latency in the system.

Rewritten Paragraphs

[0022] The connections between various components of the auction system **1**, as well as between the bidder voice terminals **10** and the auction system, can be physical connections, wireless connections or a combination of both. Likewise, it will be appreciated by a person skilled in the art that the elements of the auction system **1**, such as the connecting means **20** and the processing means **30**, can each comprise sub-elements distributed at various physical locations. Furthermore, they may be mainly software structures attached to existing hardware platforms available in existing communications networks, specially designed hardware platforms, or a combination of both, such as interface access cards. Moreover, the ~~auctioneer=s~~ auctioneer's tasks may be performed by a person or by a data processor that may act on location or remotely, in analyzing the information on the output means **40** and commanding the auctioneer voice transmitter **50** to send voice messages to bidder terminals **10**. Therefore, the communication links and the blocks shown in the block diagram of **Figure 1** should not be considered restrictive in a physical sense.

[0050] The data packets are presented according to a predetermined scheme. According to this embodiment, the auctioneer's computer **45** uses estimates of the different time delays for different bidders through networks **2** and **3** to compensate for the bias in favor of ~~Acloser@~~ "closer" users, and uses these estimates in the predetermined scheme, in order to output data packets according to the time when the associated bidder messages were actually entered. In this embodiment, the auctioneer computer **45** accomplishes the time compensation routine by subtracting the round-trip delay through networks **2** and **3** of each data packet it receives, from the time at which same data packet is received, before deciding which data packet came first. The same method may be used to alert the auctioneer that a bidder had entered a bid before being able to hear the closing gavel, and the bid should therefore be allowed. The round-trip time estimates needed for this embodiment are obtained from the controlling software for the networks **2** and **3**. Alternatively, the round-trip estimates could be obtained from the delay in receiving an echo from a bidder telephone set **10** using a system identification algorithm based on an echo cancellation technique known in the art.